



APPROPRIATIONS UPDATE

HOUSE COMMITTEE ON THE BUDGET
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FISCAL YEAR 2002 EMERGENCY SUPPLEMENTAL APPROPRIATIONS Conference Report

SUMMARY

The emergency supplemental appropriations bill reported by the committee on conference (H.R. 4775, H. Rept. 107-593) provides \$28.911 billion in budget authority [BA] for fiscal year 2002. This amount is \$135 million above the amount included in the House-passed supplemental. Outlays flowing from that budget authority total \$7.355 billion in fiscal year 2002 and \$10.742 billion in fiscal year 2003 (see Table 1 below).

If enacted, the conference report will increase fiscal year 2002 discretionary BA from \$706.0 billion to \$734.9 billion, and fiscal year 2002 outlays from \$723.2 billion to \$730.5 billion. Of these amounts, \$48.9 billion in BA and \$15.8 billion in outlays are from supplemental appropriations measures related to the terrorist attacks on the United States (\$20 billion in a supplemental to the fiscal year 2002 defense appropriations, and this conference agreement).

**Table 1: Emergency Supplemental Appropriations
(by fiscal year in millions of dollars)**

	President	House Passed	Senate Passed	Conference
Budget Authority 2002	27,129	28,776	31,515	28,911
Outlays 2002	8,068	7,016	8,637	7,355
Budget Authority 2003	0	1,736	0	0
Outlays 2003	9,921	12,925	11,494	10,742

DISCUSSION

Emergency Supplemental Appropriations

The conference report provides \$29.886 billion in emergency-designated appropriations. Of that amount, \$5.139 billion are “contingent” emergency appropriations, meaning that they are available for obligation only if the President certifies, after enactment, that the funds are necessary to respond to an emergency situation. Under current law, there are no limitations on the amount or type of spending that can be designated an emergency requirement, and there is no statutory definition of an emergency. Under the Budget Act and the Deficit Control Act, the emergency designation occurs if both the President and the Congress agree to apply it.

With a few noteworthy exceptions discussed below, spending contained in the conference report but not contained in the President’s original request is designated “contingent” emergency appropriations.

The conference report adopts the Senate position on limiting the President’s discretion on the use of contingent emergency funds. Under the measure, the President must agree to all of the contingent emergency funding within 30 days after enactment, or none of it can be released. Traditionally, the President is able to determine whether to release a contingent appropriation on a case-by-case basis. The House-passed bill adopted this approach. (See Table 2 below.)

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Regular Supplemental Appropriations

The conference report not only provides terrorism-related funding, but also provides supplemental appropriations for other programs that would otherwise experience funding shortfalls prior to the end of fiscal year 2002. This funding totals \$1.81 billion in BA, and is more than offset through a combination of changes to entitlement programs and rescissions of previously-enacted appropriations (see Table 2 below).

The largest single non-emergency appropriation is \$1 billion for Pell grants to college students. Other significant spending increases include: Amtrak operating assistance (\$205 million); nuclear non-proliferation (\$100 million); emergency watershed protection (\$94 million); nutrition assistance for Women, Infants, and Children (\$75 million); Agricultural Research Service facilities (\$25 million); assistance to New England and northeast fisheries (\$16 million); and the Securities and Exchange Commission [SEC] for 125 positions and pay parity costs (\$31 million). On this last item, the President had requested \$20 million for 100 new SEC enforcement positions.

Offsets and Rescissions

The conference agreement includes \$2.785 billion in offsets. Outlay savings are sharply lower, however, (\$618 million in fiscal year 2002) because most of the rescissions are from appropriations that would not be spent, such as remaining balances from completed projects. Significant offsets include: \$739 million in BA savings from housing assistance programs (\$1 million outlay savings); \$586 million in BA savings from the Department of Defense, mostly from unused amounts in procurement accounts and the defense emergency response fund (\$105 million outlay savings); \$445 million BA and outlays from placing an obligation limitation on funds available in the Export Enhancement Program [EEP] in the Department of Agriculture; and \$320 million in contract authority savings, which are scored as BA, from Federal highway projects authorized by the Transportation Efficiency Act for the 21st Century [TEA-21] (no outlay savings). Because the Congressional Budget Office baseline differs from the Office of Management and Budget [OMB] baseline for EEP, the Budget Committee has used OMB scoring for that provision, as it did in the House-passed version of H.R. 4775.

Table 2: Emergency Supplemental Appropriations Comparison of Fiscal Year 2002 Budget Authority
(by fiscal year in millions of dollars)

	President	House	Senate	Conference
Emergency- Designated Appropriations				
Defense	14,048	13,998	13,602	13,784
Nondefense	10,400	10,093	420	10,963
Subtotal - Emergency Appropriations	24,448	24,091	14,022	24,747
Contingent Emergency Appropriations - Flexible Use				
Defense	0	2,076	0	0
Nondefense	2,695	3,260	0	0
Subtotal - Contingent Appropriations	2,695	5,336	0	0
Contingent Emergency Appropriations - All or Nothing				
Defense	0	0	330	1,224
Nondefense	0	0	17,270	3,915
Subtotal - Contingent Appropriations	0	0	17,600	5,139
Regular Appropriations	1,516	2,009	1,126	1,810
Offsets/Rescissions	-1,530	-2,660	-1,233	-2,785
Total	27,129	28,776	31,515	28,911

Spending by Program Level

The conference report provides \$15.011 billion in BA for Defense (function 050) emergency spending, or \$1.063 billion less than the House-passed version, and \$659 million

more than the Senate version (see Table 3 on the next page). The additional funds are largely for the National Guard and Reserve mobilization and military operations. The conference report provides \$6.263 billion for Homeland Security, or \$831 million more than the House-passed

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version, and \$1.748 billion less than provided by the Senate. The bill includes \$2.128 billion for International Programs, \$26 million less than the House-passed version and \$86 million more than the Senate version. The conference report does not include funding for the Department of Labor's

National Emergency Grants. The President requested \$750 million, the House included \$300 million, and the Senate included \$400 million. Finally, the report includes \$5.491 million for aid to New York City, \$24 million more than the amounts in the House- and Senate-passed versions.

Table 3: Emergency Supplemental Appropriations Comparison of Fiscal Year 2002 Budget Authority by Activity
(by fiscal year in millions of dollars)

	President	House	Senate	Conference
Defense	14,048	16,074	14,352	15,011
Homeland Security	5,269	5,432	8,011	6,263
International	1,609	2,154	2,002	2,128
National Emergency Grants	750	300	400	0
New York City	5,467	5,467	5,467	5,491
Other Emergency not related to 9/11	0	0	1,390	993
Subtotal, Emergency	27,143	29,427	31,622	29,886
Non Emergency	1,516	2,009	1,126	1,810
Offsets/Rescissions	-1,530	-2,660	-1,233	-2,785
Total	27,129	28,776	31,515	28,911

Spending Added by the Congress

As noted above, the conference report provides \$205 million for Amtrak operating expenses. The President had not requested any such funds, and the House had included none; but the Senate-passed bill contained \$55 million. Funds are provided for New England and northeast fisheries (\$16 million) and for construction of an Agricultural Research Service facility in the Midwest (\$25 million), that were not requested by the President, and were added only in the Senate bill. Each of those appropriations are provided as regular appropriations. The conference also provides \$400 million for Election Reform Grants, or \$50 million less than

the amount in the House and Senate-passed versions of the bill, and \$50 million for Forest Service wildland fire management that was not included in any prior proposal. Those appropriations are provided as contingent emergencies.

The conference report also includes language added by the rule in the House (and not requested by the President) that clarifies fabric origin requirements for certain trade agreements. This provision will reduce revenue by \$60 million in fiscal year 2003, and \$800 million over 10 years. Revenue provisions are not included in the cost of appropriations measures for congressional enforcement.

CHANGE IN HIGHWAY CAPS

Under the Transportation Efficiency Act for the 21st Century [TEA-21], spending from the Highway Trust Fund is tied to revenue flowing into the trust fund (which comes from Federal gasoline taxes). The conference report contains the language in the House-passed bill which eliminates the 2003 adjustment in the TEA-21 revenue aligned budget authority [RABA] formula. This results in a \$4.4-billion increase in the obligation limitation for the Federal Aid-Highways

Program, and a \$1.2-billion increase in the 2003 cap for the highway category (to about \$27.7 billion). This provision is consistent with the fiscal year 2003 budget allocations and spending levels adopted in the House (H.Con.Res. 353).

The language in the Senate-passed bill authorized a higher obligation ceiling range for the Federal-Aid Highway Program than the House passed.

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